



**COUNTY OF PLACER**  
**Community Development/Resource Agency**

Michael J. Johnson, AICP  
Agency Director

**PLANNING**  
**SERVICES DIVISION**

Paul Thompson, Deputy Director

**MEMORANDUM**

**TO:** Honorable Board of Supervisors

**FROM:** Michael J. Johnson, AICP  
Agency Director

**DATE:** November 6, 2012

**SUBJECT:** LOAN WRITE-OFFS

**ACTION REQUESTED**

Authorize the write-off of the uncollectible portion of homeowner and business assistance loans to recognize the reduction in value of the Community Grant and Loan portfolio. There is no net County cost associated with this action.

**BACKGROUND**

The former Redevelopment Agency (Agency) administered Agency and Community Grant and Loan Programs for the County of Placer. Loans were made for first-time homebuyers, owner-occupant rehabilitation, and for business assistance. Agency loans were funded utilizing the Low-Moderate Income Housing Fund derived from tax increment funding. Funding for the remaining loans was awarded to the County from the State Department of Housing and Community Development. Once the loans were made, the loans were added to the Agency's loan portfolio for long-term monitoring and management.

With the elimination of the Redevelopment Agency, the Community Development Resource Agency (CDRA) became the housing successor and accepted the responsibility of the loan portfolio. Writing off the loans allows for the reduction of the amount of the notes receivable due to the County which is necessary to provide for an accurate account balance of the loan portfolio. As a best management and accounting practice, the Board of Supervisors is being asked to act as a third-party reviewer and authorize the write-off of the uncollectible portion of the defaulted loans.

**ANALYSIS**

Your Board authorized, by resolution, the County Executive Officer or designee to submit and execute an application and all other related documents for HOME and CDBG funding awards to the County from the State Department of Housing and Community Development. The Deputy Director of the Planning Services Division was designated by the interim County Executive Officer to be the County's authorized signatory for the HOME and CDBG programs that funded four of the six loans to be written-off. The two remaining loans were funded with redevelopment agency tax increment proceeds. With the dissolution of the Agency and the designation of CDRA as the housing successor, a signatory for loan write-offs needs to be established. Staff recommends that the Deputy Director of Planning be the signatory for the Agency funded loans as well as the State Department of Housing and Community Development loans.

As a subordinate lender, the ability to collect any portion of a loan once the first lender initiates foreclosure action is very limited. Staff attempted to collect any proceeds available by agreeing to a short sale when the opportunity arose. A small portion of the loans are recovered when possible with the majority lost after the foreclosure action concluded. With no further recourse, staff requests authority to write-off the loans removing them from the loan portfolio.

The following table identifies the loans and the reason for the requested write-off:

Borrower	Loan Number	Loan Date	Funding Source	Loan Amount Loan Type	Write-Off Amount	Reason for Write-Off
Napoli	1000137	05/30/2007	Redevelopment Tahoe Low-Moderate Income Housing Fund	\$150,000 – First Time Homebuyer Loan	\$150,000.00	Property foreclosed by first lender
Delekta	1000151	09/18/2009	Redevelopment Tahoe Low-Moderate Income Housing Fund	\$5,620 – Owner Occupied Rehabilitation Loan	\$5,461.00	Property foreclosed by first lender
Campbell	698-300138	12/02/2005	State of CA – HOME Loan Program	\$100,000 – First Time Homebuyer	\$100,000.00	Property foreclosed by first lender
Jones	698-300126	05/31/2005	State of CA – HOME Loan Program	\$100,000 – First Time Homebuyer	\$100,000.00	Property foreclosed by first lender
Trimble	3000140	01/03/2007	State of CA – HOME Loan Program	\$98,337.15 – First Time Homebuyer	\$95,337.15	Short sale in lieu of foreclosure by first lender
Express Concrete	2000113	11/15/2004	State of CA – Community Development Block Grant - Program Income – Economic Development	\$50,000 Business Assistance Loan	\$11,641.34	Business closed, borrowers sold home, no forwarding address available.

**FISCAL IMPACT**

Implementation of the loan write-offs will have no fiscal impact on the County's General Fund.

cc: Karin Schwab, County Counsel